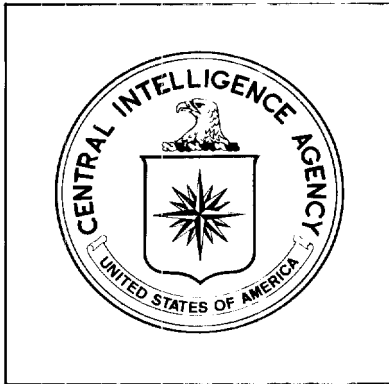


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MIDDLE EAST – AFRICA – SOUTH ASIA

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Saudi Arabia

Port Congestion

1/4 | Port congestion has become serious in Saudi Arabia. At both Jidda and Damman, Saudi Arabia's two largest dry cargo ports, ships are waiting three months to berth, compared with two weeks last spring. Shipowners have found it difficult to maintain shipping schedules. Demurrage fees and surcharges for delays have increased freight charges as much as 50 percent.

2 | Surging imports, up 33 percent this year, along with poor port management and a shortage of labor account for the delays. At Jidda, for example, all decisions for handling ships must be made by the Ministry of Communications in Riyadh. Good workers can earn more money at other jobs.

2 | Port clearance problems and customs inefficiency add to the delays. At Jidda, there is not dockside rail service and only one road leads directly into the city.

2 | In an effort to overcome manpower and administrative problems, Saudi officials recently eased regulations on hiring foreign workers and have sought technical advice from abroad. Shippers are making greater use of more advanced ships in order to reduce congestion and some shipments have been diverted to overland and air routes. Goods are now frequently trucked directly from Europe. Goods are also being shipped into Turkish ports and then trucked into Saudi Arabia.

3 | Despite these steps, congestion at Saudi ports will get substantially worse in the near future. During the next two months, 200 ships carrying a half million pilgrims for Mecca will call at Jidda. Port officials have reserved 4 of the 12 berths to handle these passenger ships.

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3/4 Some officials believe that there will be a backlog of 250 dry cargo ships at Jidda by mid-January, resulting in berthing delays of five months or more. As Jidda becomes more congested, overland traffic will increase and ships will be diverted to other Saudi Arabian or Middle Eastern ports, causing additional delays. (CONFIDENTIAL)



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Malagasy Republic

Ratsiraka Seeks a Mandate

President Didier Ratsiraka on November 7 announced plans to hold a referendum before the end of the year on a new constitution and on his own charter for transforming Madagascar into a more rigorously socialist state. A committee will be established to draft the text of the new constitution; Ratsiraka outlined his socialist blueprint in an address in eight installments over Malagasy radio in late August. The program has since been distributed in a "little red book".

Ratsiraka believes a new constitution is needed to restore legitimacy to Madagascar's institutions. The present basic laws were adopted in 1972 to provide legality for the military regime that had assumed power following widespread civil unrest. The government has since changed hands three times, in the course of which many provisions of the basic laws were set aside.

Ratsiraka's charter envisions a highly-centralized administration in which the state controls all principal means of production. All lands either not utilized or not owned by those who work them will be confiscated and redistributed to the peasants. Mixed enterprises, presumably including private capital, may be allowed in non-vital sectors of the economy, but dependence on foreign economic interests is explicitly rejected. Dedicated socialists are to be placed in positions of responsibility at all echelons.

Foreign policy is to be guided by total hostility to colonialism, neocolonialism, and imperialism, together with support for "progressive" forces everywhere. Ratsiraka, while serving as foreign minister under a previous government, had already oriented foreign policy along these lines. Since becoming president, he has further expanded relations with communist countries.

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Ratsiraka has developed particularly close ties with China, which in the past year has noticeably stepped up the pace of its activity in Madagascar. Last July the two countries concluded a new economic and technical cooperation agreement under which China will extend an interest-free loan of \$57.5 million. The major portion of the loan will be used to cover local costs of a Chinese project to upgrade an important road between Tananarive, the capital, and a major port. The loan is by far the largest Madagascar has received from any single source in recent years. Peking in July also provided almost \$2.5 million worth of agricultural equipment on a ten-year, no-interest credit.

The Soviets have also shown increased interest in the island country, but their efforts have not matched those of the Chinese. In October, a high level Soviet trade mission visited Tananarive and signed a trade and economic cooperation agreement that permits the Soviets to open a trade office in the capital. Moscow agreed to undertake five aid projects, mainly involving technical assistance and feasibility studies.

Ratsiraka is taking a political risk in submitting his socialist charter to a popular referendum. Disenchantment with his rule is increasing among civilians and within the military. Some dissidents consider his socialist revolution too radical and many are unhappy with his autocratic decision-making. Ratsiraka is also accused of devoting too much attention to developing his program for imposing a Marxist-oriented regime while neglecting the more immediate problems of unemployment, food shortages, and economic stagnation.

Ratsiraka's close ties to the Chinese have contributed to the decline in his popularity. The Malagasy are suspicious of Chinese intentions, and there is widespread criticism of the increased Chinese activity in the country. The arrival of a large number of additional Chinese to work on the road project will undoubtedly further increase Malagasy fears. (CONFIDENTIAL)

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French Territory of Afars and Issas

Political Forces

6 Paris has decided to grant independence to the French Territory of Afars and Issas--the last French foothold in Africa--but apparently has not yet come to grips with how or when to relinquish control. Devising a method for an orderly transfer is likely to be difficult.

5/6 The main problem is the absence of a single nationalist leader--or organization--who can legitimately claim to represent all or even a majority of the tribally divided population. In addition to the fundamental conflict between the two major ethnic groups, the Afar and the Issa, each is beset by deep divisions within its own ranks. Beneath a thin veneer of political party competition, politics in the territory consists of a struggle for dominance between the two major tribes and among their leaders. The demands of exile groups, the conflicting interests of the territory's two neighbors--Ethiopia and Somalia--and the special interests of nearby Arab states, add other dimensions to the complex political picture.

6 Ali Aref Bourhan, an Afar who is president of the local governing council, represents those who have worked closely with the French and who now dominate the local power structure. Their nominal party is the Afar Democratic Rally. Paris installed Aref in the 1960s because he was willing to support continued French rule and was able to keep the Afars in line.

4/6 After years of defending French control, Aref early this year came out for independence. He apparently had become convinced his opponents were gaining ground by identifying with the growing popular sentiment for independence.

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1/4
b Aref's position as leader of the local government has allowed him to take the lead in the preliminary stages of arranging the transfer of power. His political support in the territory is not great, however, and his abilities are limited. Most African leaders have little respect for Aref, although he apparently has made a good impression on some OAU officials.

5
b Aref's popularity among the Afars was declining even before independence became much of an issue. Opponents within his tribe accuse him of relying too heavily on conservative, tradition-bound Afar advisers and of neglecting economic development. They demand he bring more young, better-educated Afars into his administration and make a more forceful commitment to development.

b Influential Afars are also unhappy with Aref's dealings with Ethiopia. They sympathize with the struggle being waged by Afars in Ethiopia against the military regime in Addis Ababa. Many of them view Aref's cooperation with Addis Ababa as a sell-out of Ethiopian Afars.

2
b Aref's main opponent is the African People's Independence League (APIL), led by Hassan Gouled, an Issa, and Ahmed Dini, and Afar. Gouled and Dini assert their organization transcends tribal lines, but its membership appears to be mostly Issa and it does not command a broad popular following. The group demands immediate, unconditional independence.

b Gouled and Dini have tried to improve their images by making frequent trips to France and occasional visits to Arab states. French officials have met with the two but have not encouraged their aspirations to leadership. Gouled and Dini frequently threaten to initiate armed struggle if the French continue to refuse to meet their demands.

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Gouled and Dini have established close ties with Somalia and say they are cooperating with the Front for the Liberation of the Somali Coast (FLSC), a small Somali-backed Issa group that has its headquarters in Mogadiscio. Gouled and Dini have judiciously avoided discussion of the apparent contradiction between their demand for independence and their cooperation with the Somalis who would still like to annex the territory.

6
The Ethiopians back another small organization, the Djibouti Liberation Movement (DLM), based in eastern Ethiopia. Neither the Ethiopian nor the Somali backed group is much more than a paper organization formed to represent its sponsor's interests in the territory. Both, however, are recognized and financially supported by the OAU.

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3
Ethiopia's abandonment of its historical claim to the territory has put Somalia on the defensive. African leaders believe Addis Ababa is genuinely committed to independence--the policy favored by the OAU--but are not convinced by Somalia's ambiguous verbal support for that goal. The OAU council of ministers meeting in June rejected a Somali bid to open a regional office of the OAU Liberation Committee in Mogadiscio, which would have made the Somalis appear to be more actively involved in the effort to gain independence for the territory.

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The developing relations between Ethiopia and Ali Aref also constitute a setback for Somalia. Mogadiscio has been put in the position of appearing to be the main obstacle to further progress toward independence, even as Addis Ababa, Paris, and Ali Aref seem to be making progress toward mutual accommodation. Aref's recent activities--his visit to Ethiopia and proposal of an independence referendum--have allowed him to seize the initiative from the leaders of the Somali-backed APIL and FLSC.

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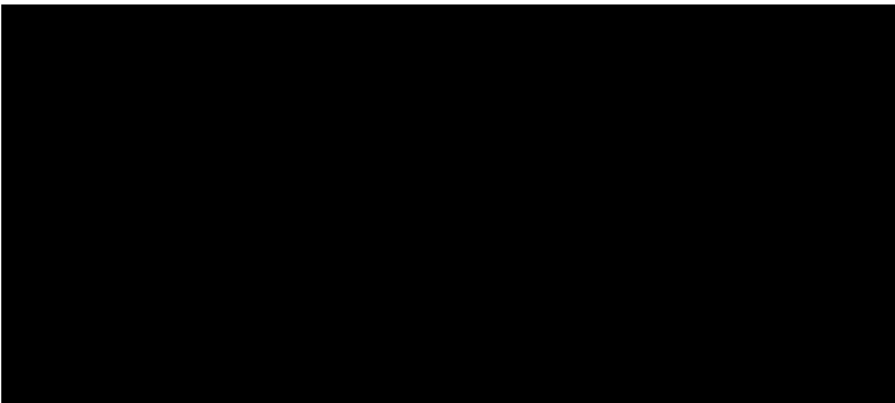
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Mogadiscio also seems to have lost much of the support it once had from the Issas--who are ethnic Somalis--for its territorial claims. Many, perhaps most, Issas have little use for the leftist, authoritarian regime of Somali President Siad. Many Somalis who now live in the territory left Somalia to seek economic opportunities they could not find under Siad's socialism. Issa support for independence over union with Somalia would grow further if the Issas were given a larger voice in the territory's politics and government. The present territorial council, composed of five Afars and four Issas, clearly is not representative of a majority of the Issas.

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6
The interest of nearby Arab states in the territory's future is related to the potential destabilizing influence independence could have in the lower Red Sea area. The Arab states do not support Somalia's territorial ambitions; Siad is far too closely associated with the USSR for most of the Arab powers along the Red Sea basin.

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French officials have tentatively considered seeking guarantees for the territory's future as an independent state from some of the Red Sea riparian states, but Paris has not made direct approaches to any of them. Early this spring, Ali Aref, with French approval, sent a delegation to several Arab and African capitals to discuss the question of guarantees. The delegation received little encouragement. Most of the black African states, for example, are reluctant to endorse any action that might lead to an expansion of Arab influence over the continent.
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India

Latest Chapter in the Naga Saga

1 An agreement between the government of India and a delegation of leaders from the Naga insurgent movement, long active in northeast India, was announced on November 12. Details of the agreement were not made public but the government agreed to suspend action under the Unlawful Activities Act--counter-insurgency legislation.

2 The Naga insurgency, originally aimed at gaining independence for the estimated 300,000 to 400,000 Naga tribesmen living near the Burmese border, has flared sporadically since 1952. New Delhi has consistently refused to consider independence for the Nagas but in 1964 did create a state, Nagaland, that has a limited degree of autonomy.

2/3 The Naga rebellion reached its zenith in the 1950s when the insurgents numbered over 10,000. By mid-1974 only about 600 Nagas remained active in the movement. More surrendered in recent months; in July of this year an Indian official estimated that only about 350 guerrillas were still in the jungle.

2/2 Reports received thus far do not reveal the identities of the insurgents who met with the government's representatives. It seems unlikely, however, that leaders of the far left faction within the Naga underground were present. If not, the new agreement is merely another step along the way toward eventual, but not immediate, pacification of the area. The hard core of Naga extremists, aided by Chinese equipment and training, will probably continue the struggle.

2 The Indian government, which maintains approximately one division of troops in Nagaland, is believed increasingly anxious to end the unsettled conditions in the strategically-important far northeastern part of the nation. Another simmering insurgency has been

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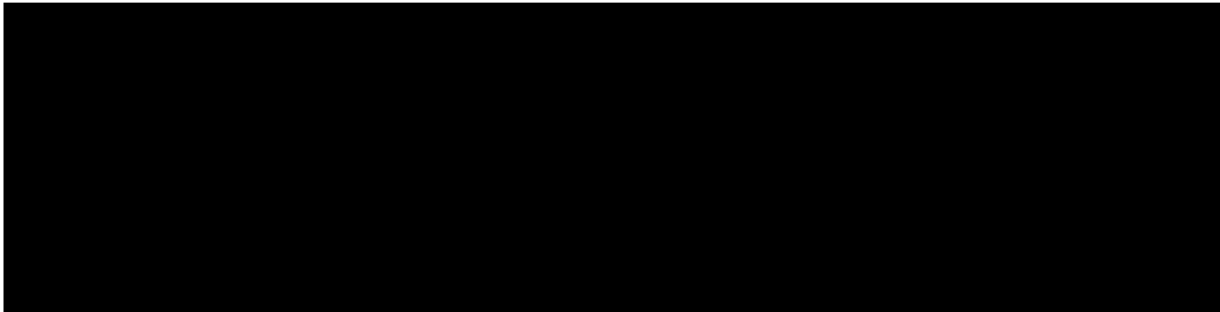
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2 | under way among the nearby Mizo tribesmen. New
Delhi's interest in re-establishing peace in the area
has probably been heightened as a result of recent
events in Bangladesh and a brief clash with China
along the Indo-Tibetan border last month. (CONFIDENTIAL)



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